

Message Text

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ACTION EA-09

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03

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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 0000

INFO USLO PEKING

AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY RANGOON

AMEMBASSY ROME

AMEMBASSY SINGAPORE

AMEMBASSY PAIPEI

AMEMBASSY TOKYO

AMEMBASSY CANBERRA

COMUSTDC

FBI S OKINAWA

CINCPAC

AMEMBASSY PARIS

AMEMBASSY BUCHAREST

C O N F I D E N T I A L SECTION 1 OF 3 HONG KONG 1407

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E.O. 11652: XGDS-1

TAGS: CERP, CH, XX

SUBJECT: PEOPLE'S REPUBLIC OF CHINA - ECONOMIC REVIEW 2

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1. SUMMARY NOT SURPRISINGLY -- IN LIGHT OF MAJOR PEKING EVENTS UNDOUBTEDLY ENCOMPASSING ASPECTS OF ECONOMIC POLICY -- STATEMENTS OF A MORE COMPREHENSIVE NATURE REGARDING THE 1975 PERFORMANCE OF THE ECONOMY AND REGARDING ECONOMIC GOALS FOR 1976 AND BEYOND HAVE STILL NOT MATERIALIZED. HOWEVER, THE REPORTING PERIOD PRODUCED PARTIAL INFORMATION FROM A VARIETY OF SOURCES CONFIRMING THAT RESULTS WERE GENERALLY FAVORABLE AND THAT FUTURE PLANS ARE AMBITIOUS BUT ATTAINABLE. AVAILABLE DATA FROM THE MAJORITY OF PROVINCES INDICATE THAT COAL PRODUCTION IN 1975 INCREASED 11 TO 12 PERCENT (HK 1028). THE VOLUME OF GRAIN DELIVERIES WAS UP 8 PERCENT OVER 1974 (HK 1207) - A FACTOR PERHAPS IN THE PRC DECISION TO REDUCE WHEAT IMPORTS FROM AUSTRALIA TO LESS THAN HALF THE AMOUNT IT COULD HAVE BOUGHT (PEKING 0174), AND TO ACCEDE READILY TO THAI REQUESTS FOR CANCELLATION OF A CORN EXPORT AGREEMENT (ITEM 2). BANK OF JAPAN OFFICERS LEARNED THAT PRC RECEIPTS FROM HONG KONG MOUNTED TO MORE THAN \$1.5 BILLION - CONSIDERABLY MORE THAN IN THE PREVIOUS YEAR (ITEM 3). 1975 SAVINGS DEPOSIT GROWTH WAS ABOUT 12 PERCENT (ITEM 4).

INTERESTING INDICATIONS AS TO THE PRC'S FUTURE ECONOMIC
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COURSE WERE SUPPLIED BY AN ANHWEI PROVINCE TACHAI CONFERENCE WHICH SET 5 TO 7 PERCENT ANNUAL GROWTH TARGETS FOR GRAIN (HK 1372), AMBITIOUS EFFORTS TO EXPAND PROGRAMS FOR SPECIALIZED EXPORT FAIRS (ITEM 5), PLANS FOR EXPANDED OIL OPERATIONS IN HONG KONG (ITEM 6, AND INDICATIONS THAT THE PRC MAY BE INTERESTED IN IMPORT OF PERHAPS A QUARTER OF A BILLION DOLLARS' WORTH OF COMMUNICATIONS EQUIPMENT FROM THE WEST OVER THE NEXT SEVERAL YEARS (HK A-17).

THERE WAS LITTLE MOVEMENT IN SINO-JAPANESE OIL NEGOTIATIONS (ITEM7), BUT A MEASURE OF PROGRESS IN TALKS ON PRC COAL EXPORT AND SILK EXPORT (ITEMS 8 & 9). A CHINESE TEAM GAVE THE WEST GERMANS A SHOPPING LIST OF EQUIPMENT THEY WOULD LIKE TO PURCHASE (ITEM 10) AND A TRADE AGREEMENT WITH ROMANIA WAS CONCLUDED (ITEM 11). LIMITED OFFICIAL USE

2. THAILAND CORN EXPORT TO PRC APPARENTLY CONCELED

ACCORDING TO THAI BOARD OF TRADE SOURCES, THAILAND WILL BE UNABLE TO DELIVER 150,000 TONS OF MAIZE PREVIOUSLY OFFERED TO THE PRC, AND ACCEPTED IN PRINCIPLE (HK STANDARD JAN 29, REUTERS). AGREEMENT ON THE SHIPMENT HAD BEEN REACHED IN DECEMBER, AND DELIVERY WAS SCHEDULED FOR JANUARY-MARCH. THE BOARD OF TRADE DETERMINED THAT THAI PRODUCTION WOULD PROBABLY NOT BE SUFFICIENT TO YIELD MORE THAN A LIMITED SURPLUS ABOVE PREVIOUS COMMITMENTS TO OTHER COUNTRIES, AND THAI PRODUCERS ALSO REPORTEDLY COMPLAINED ABOUT THE LOW PRICE TO BE PAID BY THE CHINESE.

COMMENT: THE CHINESE ARE NOT LIKELY TO BE TOO CONCERNED ABOUT CANCELLATION OF THE SALE. PRC GRAIN PRODUCTION IN 1975 WAS A VERY SATISFACTORY LEVELS, AND IMPORTS WERE KEPT TO THE MINIMUM REQUIRED UNDER LONG-TERM CONTRACTS. JUST AFTER THE DECEMBER AGREEMENT, THE LEADER OF THE PRC DELEGATION TERMED THE PURCHASE A "NEW YEAR'S PRESENT" TO THAILAND (75 BANGKOK 25034).

IF THE THAIS HAD BEEN ABLE TO SUPPLY THE AGREED AMOUNT OF MAIZE, THEY WOULD PROBABLY HAVE MORE THAN COMPENSATED FOR THE TRADE DEFICIT THEY RAN UP WITH THE PRC IN 1975. CONFIDENTIAL

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3. PRC RECEIPTS IN EXCESS OF \$1.5 BILLION FROM HONG KONG

OFFICERS OF THE BANK OF JAPAN'S HONG KONG BRANCH HAVE BEEN TOLD BY THEIR BANK OF CHINA CONTACTS THAT NON-TRADE PRC "RECEIPTS" FROM HONG KONG DURING 1975 TOTALLED IN EXCESS OF \$500 MILLION. ENCOMPASSED UNDER THIS DEFINITION OF "RECEIPTS" WERE SUCH CURRENT ACCOUNT ITEMS AS REMITTANCES; PROFITS FROM PRC-OWNED DEPARTMENT STORES; SHIPPING, BANKING AND INSURANCE SERVICES; AND CHINA TRAVEL SERVICE RECEIPTS FROM TOURISTS, AS WELL AS A CAPITAL ACCOUNT ITEM: DEPOSITS IN PRC-OWNED BANKS. BANK OF CHINA OFFICERS WERE REPORTEDLY TOLD BY PEKING THAT THE SUBSTANTIAL IMPROVEMENT IN THE 1975 OVERALL BALANCE OF PAYMENTS WOULD MAKE IT POSSIBLE FOR

THE PRC TO "IMPORT CAPITAL EQUIPMENT NEEDED FOR THE
COUNTRY'S DEVELOPMENT, WITHOUT STRAIN OR ANXIETY."

COMMENT: DESPITE LACK OF GROWTH LAST YEAR IN THE HONG
KONG ECONOMY, PRC NON-TRADE RECEIPTS FROM THE COLONY
APPARENTLY INCREASED QUITE SUBSTANTIALY OVER 1974 LEVELS,
AND THE PRC TRADE SURPLUS (EXCLUDING RE-EXPORTS) ALSO
ROSE 20 PERCENT FROM \$855 MILLION TO \$1.027 BILLION.
LARGER THAN EXPECTED EXPORT AND INVISIBLES RECEIPTS FROM
HONG KONG, AS WELL AS A SOMEWHAT SMALLER THAN EXPECTED
TRADE DEFICIT WITH JAPAN, SUGGEST THAT THE 1975 PRC
OVERALL BALANCE OF PAYMENTS DEFICIT (CURRENT ACCOUNT)
MIGHT WELL HAVE BEEN LOWER THAN THE 640 MILLION DOLLARS
ESTIMATED IN NOVEMBER (75 HK A-235). CONFIDENTIAL

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ACTION EA-09

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FM AMCONSUL HONG KONG

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INFO USLO PEKING

AMEMBASSY BANGKOK

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AMEMBASSY ROME

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AMEMBASSY TAIPEI

AMEMBASSY TOKYO

AMEMBASSY CANBERRA

COMUSTDC

FBIS OKINAWA
CINCPAC
AMEMBASSY PARIS
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4. PRC SAVINGS DEPOSITS SHOW INCREASE

NCNA HAS ANNOUNCED THAT BANK SAVINGS OF CITY AND RURAL RESIDENTS IN 1975 INCREASED OVER THE 1974 LEVEL BY 8.3 PERCENT AND 14.2 PERCENT RESPECTIVELY (JANUARY 27). ON A WEIGHTED AVERAGE (USING A ROUGH URBAN-RURAL RATION OF 35 TO 65), 1975 SAVINGS DEPOSIT GROWTH WOULD BE IN CONFIDENTIAL

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THE NEIGHBORHOOD OF 12 PERCENT. THE RELEASE ALSO STATED THAT BANK DEPOSITS (PRESUMABLY CITY AND RURAL) IN 1975 INCREASED 1.3 TIMES OVER THOSE OF 1965, WHICH IS EQUIVALENT TO AN ANNUAL INCREASE OF 8.7 PERCENT A YEAR OVER THE LAST DECADE. (THE SAME REPORT BY PEKING NCNA DOMESTIC JANUARY 26 OMITTED THE URBAN AND RURAL PERCENTAGE INCREASE FIGURES FOR 1975.) IN 1974 THE PRC CLAIMED A 12.4 PERCENT INCREASE (UNWEIGHTED) IN SAVINGS DEPOSITS OVER 1973.

NCNA LISTED 16 PROVINCIAL LEVEL UNITS THAT INCREASED THEIR SAVINGS DEPOSITS BY A "WIDE MARGIN" OVER 1974 AND IMPLIED THAT "OTHER PROVINCES" HAD DONE AS WELL. FOURTEEN OF THESE PROVINCES WERE ALSO CITED FOR SURPASSING THE NATIONAL AVERAGE. THE THREE MAJOR CITIES OF PEKING, TIENTSIN, AND SHANGHAI WERE LISTED AS HAVING INCREASED THE NUMBER OF DEPOSITORS BY 650,000 BUT NO PERCENTAGE INCREASES WERE GIVEN.

COMMENT: THE OVERALL PERCENTAGE INCREASE IN SAVINGS CLAIMED BY THE PRC IS CONSISTENT WITH PRELIMINARY ESTIMATES OF A GENERALLY FAVORABLE PRC ECONOMIC PERFORMANCE IN 1975 (ER 1, HK 334). LOCAL FUNDING REQUIREMENTS FOR RURAL MECHANIZATION WILL NECESSITATE CONTINUED HIGH RATES OF RURAL SAVINGS OVER THE NEXT FIVE YEARS AND REPORTS OF RURAL SAVINGS SHOULD BE WATCHED CLOSELY AS AN IMPORTANT INDICATOR OF PROGRESS IN AGRICULTURAL MECHANIZATION. UNCLASSIFIED

5. PRC EXPORT FAIR TRENDS

RETURNING FROM A FIRST VISIT TO THE PRC - INCLUDING ATTENDANCE AT TWO NEW MINI-FAIRS, AND PEKING CONSULTATIONS WITH FOREIGN TRADE CORPORATIONS AND CCPIT - JOHN KAMM, THE NATIONAL COUNCIL FOR US-CHINA TRADE'S HONG KONG REPRESENTATIVE, TOLD US THAT HE FOUND EVIDENCE OF FURTHER

PROGRESS IN PRC THINKING ON THE FUTURE ROLES OF THE CANTON FAIR AND OF FAIRS DEVOTED TO INDIVIDUAL EXPORT BRANCHES. KAMM LEARNED THAT AT LEAST THREE MINI-FAIRS FIRST STAGED ON AN EXPERIMENTAL BASIS IN 1975 - THE FEATHER AND DOWN FAIR (SHANGHAI), FUR FAIR (PEKING) AND CARPET FAIR (TIENTSIN) - WILL HENCEFORTH BE REGULARLY SCHEDULED AS ANNUAL WINTER EVENTS. MOREOVER, THE CHINESE MIGHT WELL TAKE THE SAME DECISION
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CONCERNING FOUR OTHER NEW MINI-FAIRS - PHARMACEUTICALS (SHANGHAI), STRAW HANDICRAFTS (TIENTSIN), PIECE GOODS (5-83), AND FOREST PRODUCTS. KAMM FOUND THAT PRC OFFICIALS NOW APPEAR TO RECOGNIZE THE DISTINCT ADVANTAGES OF INDIVIDUAL SEPARATE FAIRS OVER THE CANTON FAIR IN MANY EXPORT AREAS, IN TERMS OF (A) BETTER TIMING FOR THE BUYER AND HIS MARKET; (B) BETTER TIMING FOR THE CHINESE PRODUCER FIRMS AND THEIR OUTPUT; (C) PROXIMITY TO PLACE OF PRODUCTION, AND (D) BETTER CONTROL OVER ATTENDANCE AND NEGOTIATIONS, WITH LESS STRAIN ON FACILITIES AND TRANSLATORS. NEVERTHELESS, KAMM FOUND NO INDICATION THAT THE CHINESE INTEND TO REDUCE THE CANTON FAIR TO AN ANNUAL EVENT: IT WILL, HE BELIEVES, CONTINUE TO SERVE AN IMPORTANT ROLE AS A MARKET PLACE FOR THOUSANDS OF COMMODITIES WHICH DO NOT LEND THEMSELVES TO THE MINI-FAIR APPROACH, AS WELL AS THE PLACE WHERE NEW "FOREIGN FRIENDS" ARE INTRODUCED TO THE MARKET. ACCORDING TO REPORTS FROM OTHER SOURCES (SEE ER 2, HK 0903), THE CHINESE MAY BE CONSIDERING THE HOLDING OF JUST ONE CANTON FAIR A YEAR. LIMITED OFFICIAL USE

6. PRC CONSOLIDATES OIL CONNECTION WITH HONG KONG

HONG KONG NEWSPAPERS (TA KUNG PAO AND SOUTH CHINA MORNING POST) REPORTED JANUARY 24 THAT CHINA RESOURCES CORPORATION, THE PRC'S TRADE REPRESENTATIVE IN HONG KONG, HAS RECEIVED HKG APPROVAL TO BUILD AN OIL PIER ADJACENT TO THE OIL STORAGE FACILITIES IT IS OBTAINING FROM ESSO ON TSING YI ISLAND. THE PROJECT, WHICH WILL REQUIRE ABOUT 350,000 SQUARE FEET OF SEABED RECLAMATION AND THE CONSTRUCTION OF NINE NEW OIL STORAGE TANKS, IS REPORTEDLY SCHEDULED FOR COMPLETION BY THE MIDDLE OF NEXT YEAR.

THE PROPOSED TANKER CAPACITY OF THE PIER IS NOT KNOWN. A NEARBY ESSO PIER, HOWEVER, CAN ACCOMMODATE VESSELS OF 100,000 TONS. THIS LATEST MOVE BY THE PRC IS CONSISTENT WITH OTHER INCREASINGLY OVERT SIGNS OF PRC PREPARATIONS FOR ACQUIRING A SUBSTANTIALLY LARGER SHARE OF THE HONG KONG OIL MARKET (ER 2, HK 0903), THAN THE 13 PERCENT OF HONG KONG OIL IMPORTS CAPTURED IN 1975 (ER 2, HK 0903).

ANOTHER POSSIBILITY OFFERED BY THE PIER IS A TRAN-

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SHIPMENT POINT FOR OIL BROUGHT BY SMALLER TANKER OR BY RAIL
TO HONG KONG DESTINED FOR OTHER FOREIGN MARKETS. LIMITED
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7. STATUS OF SINO-JAPANESE OIL NEGOTIATIONS

RETURNING FROM PEKING AFTER A REMARKABLY BRIEF THREE
DAY NEGOTIATING SESSION ON A LONG-TERM SINO-JAPANESE OIL
AGREEMENT, YOSHIHIRO INAYAMA, HEAD OF THE VISITING DELEGATION,
REPORTEDLY TOLD THE JAPANESE PRESS THAT THE CHINESE REQUESTED
"MORE DEFINITE CLARIFICATION" AS TO THE AMOUNTS OF CURDE
TO BE PURCHASED. HE ALSO ADMITTED, HOWEVER, THAT THE
CHINESE HAD BEEN DISSATISFIED WITH JAPANESE PROPOSALS
CALLING FOR ONLY A GRADUAL RISE IN PURCHASES TO THE 15
MILLION TONS PLUS LEVEL BY 1981. THERE WERE NO REPORTS
AS TO THE DATE FOR RESUMPTION OF THE NEGOTIATIONS.
HONG KONG STANDARD OF FEBRUARY 4, HOWEVER, REPORTED A
REQUEST TO THE CHINESE BY JAPANESE GOVERNMENT AND OIL
INTERESTS NOT TO ARRANGE FOR EXPORT OF OIL TO JAPAN VIA
MAJOR INTERNATIONAL OIL CORPORATIONS. IF SUCH A
REQUEST HAS BEEN MADE, IT WOULD BE AN INTERESTING INDICATION
OF JAPANESE CONCERN THAT SINO-JAPANESE OIL TRADE REMAIN
UNDER CONTROL OF THE GOJ AND THE TWO "WINDO" FIRMS NOW
LICENSED FOR THIS TRADE (JAPAN IMPORTERS' CONFERENCE AND
KOKUSAI OIL), AS WELL AS OF JAPANESE SENSITIVITY ABOUT
REPORTS APPARENTLY PLANTED BY THE CHINESE WITH THE
EARLIER FUJIYAMA MISSION THAT A MAJOR PRC OIL DEAL
INVOLVING AMERICAN FIRMS WAS IMMINENT. LIMITED OFFICIAL USE

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R 090210Z FEB 76

FM AMCONSUL HONG KONG

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INFO USLO PEKING

AMEMBASSY BANGKOK

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AMEMBASSY CANBERRA

COMSUSTEDC

FBIS OKINAWA

CINCPAC

AMEMBASSY PARIS

AMEMBASSY BUCHAREST

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8. PRC COAL EXPORTS TO JAPAN

YOSHIIKO MOROZUMI, PRESIDENT OF THE JAPANESE ELECTRIC
POWER DEVELOPMENT COMMISSION, -- AND A PARTICIPANT IN THE
RECENT INAYAMA MISSION TO PEKING -- TOLD THE JAPANESE PRESS
THAT AGREEMENT IN PRINCIPLE HAS BEEN REACHED FOR ANNUAL
DELIVERY OF 600,000 METRIC TONS OF CHINESE STEAM COAL FOR USE
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IN TWO THERMAL POWER PLANTS TO BE CONSTRUCTED IN NAGASAKI
PREFECTURE. DELIVERY WOULD APPARENTLY BEGIN IN 1980. DETAILED
AGREEMENT IS TO BE WORKED OUT BY A JAPANESE NEGOTIATING TEAM
WHICH IS TO VISIT PEKING IN MARCH. REPRESENTATIVES OF OTHER
JAPANESE ELECTRIC UTILITIES WILL ALSO TAKE PART IN THESE TALKS,
THUS SUGGESTING THAT OVERALL PRC EXPORTS OF STEAM COAL
TO JAPAN MAY REACH CONSIDERABLY HIGHER LEVELS THAN THE
ABOVE BY THE EARLY 1980'S -- PERHAPS THREE MILLION TONS.
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9. CURBING PRC SILK EXPORTS TO JAPAN

WORKING-LEVEL PRC AND JAPANESE NEGOTIATORS HAVE
REACHED AN ACCORD IN PEKING ON THE NEED TO CONCLUDE A ONE-

YEAR AGREEMENT ENSURING "ORDERLY PRC SILK EXPORT" OT JAPAN. THE AGREEMENT -- CENTERING ON VOLUME OF PERMITTED SHIPMENTS -- IS TO BE WORKED OUT AT THE EARLIEST POSSIBLE TIME, PERHAPS IN THE COURSE OF FEBRUARY. THE CURRENT COOPERATIVE APPROACH TOWARD THE PROBLEM OF RECONCILING JAPANESE DOMESTIC DEMAND FOR SILK WITH CHINESE EXPOT CAPACITY REPRESENTS A DEPARTURE FROM THE PREVIOUS PRACTICE OF UNILATERAL JAPANESE RESTRICTION, AND CHINESE ATTEMPTS AT CIRCUMVENTION OF THESE. UNDER THE PREVIOUS SITUATION, TRADING HAS BEOCME DISORDERLY, AND REPORTED VALUE HAS DECLINED VERY SHARPLY FROM 20 PERCENT OF OVERALL PRC EXPORTS TO JAPAN IN 1973. LIMITED OFFICIAL USE

10. MEETING OF PRC-FRG JOINT ECONOMIC COMMISSION

THE FRG CONSUL (ECONOMIC) IN HONG KONG TELLS US THAT AN INITIAL MEETING OF THE RECENTLY REESTABLISHED SINO-GERMAN JOINT ECONOMIC COMMISSION TOOK PLACE IN BONN IN JANUARY. THE PRC DELEGATION REPORTEDLY MADE AN ORAL PRESENTATION OF A LARGE SHOPPING LIST OF EQUIPMENT WHICH THE PRC WOULD LIKE TO PROCURE IN GERMANY, INCLUDING STEEL, PIPE, AND EQUIPMENT FOR COAL MINING, THE PRETROCHEMICAL INDUSTRY AND RAILROAD TRANSPORT. ALTHOUGH THEY DID NOT MAKE THIS A FIRM CONDITION FOR INCREASED PRC PRUCHASES, THE CHINESE -- ACCORDING TO OUR SOURCE -- CAUTIONED THAT, IF LARGE CONTRACTS ARE TO MATERIALIZE, THE GREMANS SHOULD TAKE SOME MEASURES TO BRING THE TRADE BALANCE CLOSER TO EQUILIBRIUM. A CONFIDENTIAL

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PRINCIPAL SPECIFIC SUGGESTION WAS FOR GERMANY TO BEGIN TO IMPORT CHINESE OIL. THE GERMANS REPORTEDLY PROMISED THAT THEY WOULD GIVE THIS POSSIBILITY SERIOUS STUDY. OUR HONG KONG SOURCE DOES NOT DELIVE SIGNIFICANT SHIPMENTS ARE FEASIBLE, HOWEVER, UNLESS THE CHINESE OFFER VERY SUBSTANTIAL PRICE DISCOUNTS, SINCE THERE IS RELATIVELY LIMITED GERMAN DEMAND FOR CHINESE HEAVY OILS, AND TRANSPORT COSTS ARE EXPECTED TO BE HIGH. THE CHINESE DELEGATION ALSO PRESSED FOR VERY MODERATE INTEREST RATES ON SUPPLIERS' CREDITS O FUP TO FIVE YEARS WHICH THEY WILL REQUIRE IN CONNECTION WITH MOST PURCHASES FROM GERMANY. CONFIDENTIAL/NOFORN XGDS-1

11. SINO-ROMANIAN TRADE AGREEMENTS CONCLUDED

A LONG-TERM 1976-80 SINO-ROMANIAN TRADE AGREEMENT AND A PROTOCOL COG RING 1976 WERE SIGNED IN PEKING BY CHINESE MINISTER OF FOREIGN TRADE LI CHIANG AND ROMANIAN DEPUTY PRIME MINISTER ION PATAN. THE AGREEMENT FOLLOWED A WEEK OF TALKS BETWEEN DELEGATIONS HEADED RESPECTIVELY BY PATAN AND IAN NICCLAE, ROMANIAN VICE MINISTER OF THE CHEMICAL

INDUSTRY AND LI CHIANG, AND CHEN CHIEH, PRC VICE MINISTER OF FOREIGN TRADE. THE ROMANIANS ALSO MET WITH VICE PREMIER HUA KUO-FING, AND VISITED TIENTSIN, TAKANG OILFIELD TO VIEW EQUIPMENT, THE #1 CARPET FACTORY AND A WATCH FACTORY.

DETAILS OF THE AGREEMENTS HAVE NOT YET BEEN RELEASED, BUT USLO PEKING WAS TOLD THAT, WHILE THE COMMODITY COMPOSITION FOR 196 WOULD REMAIN ABOUT THE SAME AS 1975, THE VALUE OF TRADE COULD INCREASE MARKEDLY BECAUSE FOR THE FIRST TIME ALL GOODS WILL BE VALUED AT INTERNATIONAL PRICES STATED IN SWISS FRANCS (PEKING 091). THE INCLUSION OF A REPRESENTATIVE OF THE CHIMICAL INDUSTRY AS A "DEPUTY LEADER" OF THE DELEGATION AND THE VISIT TO TAKANG EMPHASIZE THE IMPORTANCE OF OIL, OI EQUIPMENT AND FERTILIZERS IN OVERALL SINO-ROMANIAN TRADE. THIS IMPORTANCE MIGHT WELL INCREASE IN THE FUTURE. LIMITED OFFICIAL USE

12. PRC BEGINS AIR SERVICE TO CAMBODIA

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BIWEEKLY FLIGHTS BY CAAC FROM PEKING TO PHNOM PENH AND RETURN EVERY OTHER FIRDAY WERE INAUGURATED JANUARY 23 ACCORDING TO NCNA (JANUARY 23). UP TO 1970 ROYAL AIR CAMBODGE HAD FLOWN BETWEEN PHNOM PENH AND CANTON, BUT CAAC DID NOT THEN FLY INTO PHNOM PENH.

THE BEGINNING OF FLIGHTS TO PHNOM PENH MAKES CAMBODIA THE 11TH COUNTRY WITH WHICH CAAC HAS REGULAR AIR SERVICES.
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13. RECENT REPORTS ON ECONOMIC TOPICS

HK 1028 PRC COAL PRODUCTION IN 1975

HK 1207 PRC OVERFULFILLS 1975 GRAIN HARVEST
PROCUREMENT PLAN

HK 1211 BANK OF CHINA INQUIRY ABOUT BLOCKED
ACCOUNT WITH AMERICAN EXPRESS

HK 1372 ANHWEI SETS AMBITIOUS YET ATTAINABLE
TACHAI TARGETS

A-17 PROSPECTS FOR PRC IMPORTS OF TELE-
COMMUNICATIONS EQUIPMENT
CROSS

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Handling Restrictions: n/a
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Secure: OPEN
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Subject: PEOPLE'S REPUBLIC OF CHINA - ECONOMIC REVIEW 2 CONFIDENTIAL
TAGS: ECRP, CH, XX
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006